



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243

NED McWHERTER
GOVERNOR

ELAINE A. McREYNOLDS
COMMISSIONER

B U L L E T I N

TO: All Property and Casualty Insurers Doing
Business in Tennessee

FR: Elaine A. McReynolds *EAM*
Commissioner

RE: Notice of Reinstatement of Automobile Insurance
Policies/Notice of Continuous Coverage

DA: September 1, 1990

It has come to the attention of the Department that some insurers are failing to give notice of reinstatement of insurance policies to banks or other lenders having a security interest in the insured automobile.

The factual situation is that the insurer sends notice of cancellation to the insured/borrower and the bank or other financial institution. The insured then pays the premium and receives a notice of reinstatement. However, no notice of reinstatement is sent to the financial institution which then places insurance on the lender's collateral. This results in overinsurance and disputes between the insured and the lender.

In order to avoid the necessity of legislation dealing with this situation, you are advised to review your procedures to assure that they include sending notice of reinstatement to lenders as a standard operating procedure.

Another situation faced by lenders is that in some cases when policy coverage is continuous until cancelled, the notice to the lender is not sufficiently clear. Please be sure that if your company's procedures are that coverage is continuous until notice of cancellation is issued, the evidence of coverage sent to the lender is sufficiently clear in this respect.

EAM/cmf